

RETAIL OPEN ACCESS PRIMARY RATE ROA-P

Availability:

Subject to any restrictions, this rate is available to any Customer receiving primary service at a nominal voltage 2,400 volts or greater for the delivery of Power from the Point of Receipt to the Point of Delivery.

Service under this rate shall be separately metered.

Any Customer whose monthly minimum Maximum Demand is less than 1,000 kW must utilize an Aggregator.

Nature of Service:

Alternating current, 60-hertz, single-phase or three-phase, the particular nature of the voltage in each case to be determined by the Company.

The Company shall not be required to, but may expand its existing facilities to make deliveries under this tariff. The Customer and/or Retailer shall be liable for any and all costs incurred as a result of an expansion of facilities made to make deliveries under this tariff.

Metering Requirements:

The load under this tariff shall be separately metered by demand and energy hourly recording (Time-of-Use) meters of billing quality. Such metering equipment shall be furnished, installed, maintained and owned by the Company.

The Customer shall be responsible for the associated dedicated telephone line and other accompanying equipment and monthly fees.

Monthly Rate:

Transmission Service:

Subject to Rule F1.2 hereof, the charges for use of the Company's Transmission System subject to the jurisdiction of the FERC shall be in accordance with the Company's FERC Open Access Tariff.

Customer Charge:

\$115 per Customer Meter Location

Distribution Service Charge:

For a Customer taking Primary Service:	\$2.10 per kW of Maximum Demand
For a Customer taking Subtransmission Service:	\$8.7 per kW of Maximum Demand
For a Customer taking Transmission Service:	\$11 per kW of Maximum Demand

(Continued on Sheet No. F-21.00)

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U-11290 and U-11451

RETAIL OPEN ACCESS PRIMARY RATE ROA-P
(Continued From Sheet No. F-20.00)

Monthly Rate: (Contd)

Substation Service Charge:

Where Subtransmission or Transmission Service is supplied to the Customer through Company-owned equipment, the following appropriate Substation Service Charge will apply:

For a Customer taking Subtransmission Service: \$.73 per kW of Maximum Demand

For a Customer taking Transmission Service : \$.76 per kW of Maximum Demand

Reactive Power Supply Service Charge:

The Customer will endeavor to control its consumption of reactive power (kilovars) so that the power factor shall not fall lower than a lagging power factor of 0.80. If the Customer's power factor falls lower than 0.80, the Company has the right to be compensated for Reactive Power (Kilovar) Supply based upon a kilovar demand charge of \$.17 per kilovar.

Real Power Losses:

The Retailer is responsible for replacing Real Power Losses associated with the movement of Power. In addition to the Real Power Losses included in the Company's FERC Open Access Tariff, the Retailer is responsible for the Company's Distribution System's Real Power Losses as follows

	<u>Meter Point</u>	
	<u>High Side</u>	<u>Low Side</u>
Primary	4.40%	7.78%
Subtransmission	1.74%	2.08%
Transmission	0.00%	0.33%

Customer Switching Service Charge:

\$5.00 each time a Customer switches from one Retailer to another. The Customer may switch Retailers at the end of any billing month if written notification is provided to the Company by the Customer or the new Retailer at least 30 days in advance. The Customer Switching Service Charge shall not be applied for the initial switch to Retail Open Access Service or at the time the Customer returns to bundled service or changes Retailers due to Retailer default.

General Terms and Conditions:

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00.

(Continued on Sheet No. F-22.00)

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RETAIL OPEN ACCESS PRIMARY RATE ROA-P
(Continued From Sheet No. F-21.00)

Monthly Rate: (Contd)

Surcharges:

This rate is subject to the following surcharges:

Transition Surcharge:	Through December 31, 2001, the Transition Surcharge is established via the bid process as described in Rule F2.. Open Bid Process and Allocation of Capacity, and will be billed to the Retailer. Thereafter, the Transition Surcharge is \$.0120 per kWh, or as subsequently ordered by the Commission. A Transition Surcharge will be collected through December 31, 2007.
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Implementation Surcharge:	(As established by the Commission.)
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Nuclear Decommissioning Surcharge:	\$.000992 per kWh
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Minimum Charge:

The Customer Charge and the Distribution Service Charge.

Due Date and Late Payment Charge:

The due date of the Customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

Term and Form of Contract:

All service under this rate **shall** require a written Retail Open Access Service Contract between the Company and a Retailer.

All service under this rate **may** require a written Retail Open Access Service Contract between the Company and a Customer.

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RETAIL OPEN ACCESS RESIDENTIAL RATE ROA-R

Availability:

Subject to any restrictions, this rate is available to any residential Customer receiving service at a nominal voltage of less than 2,400 volts for:

- (i) delivery of Power from the Point of Receipt to the Point of Delivery,
- (ii) any usual residential use as defined in Rule B13.3 A., Residential Usage and Rate Application,
- (iii) single-phase motors, provided the individual capacity of such motors does not exceed 3 hp, nor the total capacity of 10 hp, without the specific consent of the Company, and
- (iv) service within Company designated service areas.

Service under this rate must be separately metered.

Any Customer under this rate must utilize an Aggregator.

For those Customers that do not have demand and energy hourly recording (Time-of-Use) meters, all Retailers shall assume that each Residential Customer served under this rate has a Maximum Demand equivalent to 0.78 kW per hundred kWh of monthly use, using the month of maximum monthly consumption that occurred within the last 12 months.

Nature of Service:

Alternating current, 60-hertz, single-phase or three-phase, secondary voltage, the particular nature of the voltage in each case to be determined by the Company.

The Company shall not be required to, but may expand its existing facilities to make deliveries under this tariff. The Customer and/or Retailer shall be liable for any and all costs incurred as a result of an expansion of facilities made to make deliveries under this tariff.

Metering Requirements:

The load served under this tariff shall be separately metered by energy-only recording meters of billing quality. Such metering equipment shall be furnished, installed, maintained and owned by the Company.

The Customer may elect a demand and energy hourly recording (Time-of-Use) meter. Such metering equipment shall be furnished, installed, maintained and owned by the Company. The requesting Customer shall be required to pay the higher Customer Charge for all such metering equipment. When required, the Customer shall be responsible for the associated dedicated telephone line and other accompanying equipment and monthly fees.

(Continued on Sheet No. F-14.00)

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U-11290 and U-11451

RETAIL OPEN ACCESS RESIDENTIAL RATE ROA-R
(Continued From Sheet No. F-13.00)

Monthly Rate:

Transmission Service:

Subject to Rule F1.2 hereof, the charges for use of the Company's Transmission System subject to the jurisdiction of the FERC shall be in accordance with the Company's FERC Open Access Tariff.

Customer Charge:

\$9.20 per Customer with an energy-only recording meter, per meter location

\$20.00 per Customer with a Time-of-Use meter, per meter location

Distribution Service Charge:

\$.0208 per kWh

Reactive Power Supply Service Charge:

The Customer will endeavor to control its consumption of reactive power (kilovars) so that the power factor shall not fall lower than a lagging power factor of 0.80. If the Customer's power factor falls lower than 0.80, the Company has the right to be compensated for Reactive Power (Kilovar) Supply based upon a kilovar demand charge of \$.17 per kilovar.

Real Power Losses:

The Retailer is responsible for replacing Real Power Losses associated with the movement of Power. In addition to the Real Power Losses included in the Company's FERC Open Access Tariff, the Retailer is responsible for the Company's Distribution System's Real Power Losses of 9.81%.

Profile Management Service Charge:

The following charge applies to a Customer who does not have a Time-of-Use meter:

\$.0048 per kWh for all kWh consumed.

Customer Switching Service Charge:

\$5.00 each time a Customer switches from one Retailer to another. The Customer may switch Retailers at the end of any billing month by having their new Retailer give the Company at least 30 days written notice. The Customer Switching Service Charge shall not be applied for the initial switch to Retail Open Access Service or at the time the Customer returns to bundled service or changes Retailers due to Retailer default.

General Terms and Conditions:

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00.

(Continued on Sheet No. F-15.00)

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U-11290 and U-11451

RETAIL OPEN ACCESS RESIDENTIAL RATE ROA-R
(Continued From Sheet No. F-14.00)

Monthly Rate: (Contd)

Surcharges:

This rate is subject to the following surcharges:

Transition Surcharge: Through December 31, 2001, the Transition Surcharge is established via the bid process as described in Rule F2., Open Bid Process and Allocation of Capacity, and will be billed to the Retailer. Thereafter, the Transition Surcharge is \$.0120 per kWh, or as subsequently ordered by the Commission. A Transition Surcharge will be collected through December 31, 2007.

Implementation Surcharge: (As established by the Commission.)

Nuclear Decommissioning Surcharge: \$.001145 per kWh

Minimum Charge:

The Customer Charge included in the rate.

Due Date and Late Payment Charge:

The due date of the Customer bill shall be 17 days from the date of *transmittal*. A late payment charge of 2% not compounded, of the unpaid balance, net of taxes, shall be assessed to any bill that is delinquent.

Term and Form of Contract:

All service under this rate shall require a written Retail Open Access Service Contract between the Company and a Retailer.

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Jackson, Michigan

Effective : March 17, 2000

Issued under authority of the
Michigan Public Service Commission
dated February 9, 2000
in Case No. U-11397

RETAIL OPEN ACCESS SECONDARY RATE ROA-S

Availability:

Subject to any restrictions, this rate is available to any nonresidential Customer receiving secondary service at a nominal voltage of less than 2,400 volts for:

- (i) delivery of Power from the Point of Receipt to the Point of Delivery,
- (ii) service where the Company elects to provide one transformation from the available primary distribution voltage to another primary voltage desired by the Customer, and
- (iii) service within Company designated service areas.

Service under this rate must be separately metered.

Any Customer whose monthly minimum Maximum Demand is less than 1,000 kW must utilize an Aggregator.

For those Customers that do not have demand and energy hourly recording (Time-of-Use) meters, all Retailers shall assume that each Secondary Customer served under this rate has a Maximum Demand equivalent to 0.70 kW per hundred kWh of monthly use, using the month of maximum monthly consumption that occurred within the last 12 months.

This rate is not available to General Service Company-Owned Streetlighting Rate L-3 or General Service Outdoor Lighting Rate L-4 Customers.

Nature of Service:

Alternating current, 60-hertz, single-phase or three phase, the particular nature of the voltage in each case to be determined by the Company.

When the service is three-phase, 3-wire, lighting may be included, provided the Customer furnishes all transformation facilities required for such purpose, and so arranges the lighting circuits as to avoid excessive unbalance of the three-phase load. When the service is single phase, or 4-wire, three-phase, the single-phase individual motor capacity shall not exceed 3 hp, nor the total single-phase motor capacity of 10 hp, without the specific consent of the Company.

The Company shall not be required to, but may expand its existing facilities to make deliveries under this tariff. The Customer and/or Retailer shall be liable for any and all costs incurred as a result of an expansion of facilities made to make deliveries under this tariff.

(Continued on Sheet No. F-17.00)

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U-11290 and U-11451

RETAIL OPEN ACCESS SECONDARY RATE ROA-S
(Continued From Sheet No. F-16.00)

Metering Requirements:

The Customer with a Maximum Demand of less than 20 kW shall be separately metered by an energy recording meter, with or without maximum demand recorders, of billing quality. Such metering equipment shall be furnished, installed, maintained and owned by the Company.

The Customer with a Maximum Demand of less than 20 kW may elect to install a demand and energy hourly recording (Time-of-Use) meter. Such metering equipment shall be furnished, installed, maintained and owned by the Company. The requesting Customer shall be required to pay the higher Customer Charge for all such metering equipment. When required, the Customer shall be responsible for the associated dedicated telephone line and other accompanying equipment and monthly fees.

The Customer with a Maximum Demand of 20 kW or more shall be separately metered by a demand and energy hourly recording (Time-of-Use) meter of billing quality. Such metering equipment shall be furnished, installed, maintained and owned by the Company. The Customer shall be required to pay the higher Customer Charge for all such metering equipment. The Customer shall be responsible for the associated dedicated telephone line and other accompanying equipment and monthly fees.

Monthly Rate:

Transmission Service:

Subject to Rule F1.2 hereof, the charges for use of the Company's Transmission System subject to the jurisdiction of the FERC shall be in accordance with the Company's FERC Open Access Tariff.

Customer Charge:

\$27.00 per Customer with a Time-of-Use meter, per meter location

\$16.20 per Customer with an energy-only recording meter, or an energy and maximum demand recording meter, per meter location

Distribution Service Charge:

\$4.78 per kW of Maximum Demand for a Customer with an energy and maximum demand recording meter or a Time-of-Use meter

\$0.0209 per kWh for a Customer with an energy-only recording meter

Reactive Power Supply Service Charge:

The Customer will endeavor to control its consumption of reactive power (kilovars) so that the power factor shall not fall lower than a lagging power factor of 0.80. If the Customer's power factor falls lower than 0.80, the Company has the right to be compensated for Reactive Power (Kilovar) Supply based upon a kilovar demand charge of \$.17 per kilovar.

(Continued on Sheet No. F-18.00)

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RETAIL OPEN ACCESS SECONDARY RATE ROA-S
(Continued From Sheet No. F-17.00)

Monthly Rate: (Contd)

Real Power Losses:

The Retailer is responsible for replacing Real Power Losses associated with the movement of Power. In addition to the Real Power Losses included in the Company's FERC Open Access Tariff, the Retailer is responsible for the Company's Distribution System's Real Power Losses of 9.81%.

Profile Management Service Charge:

The following charge applies to a Customer who does not have a Time-of-Use meter:

\$.0048 per kWh for all kWh consumed.

Customer Switching Service Charge:

\$5.00 each time a Customer switches from one Retailer to another. The Customer may switch Retailers at the end of any billing month by having their new Retailer give the Company at least 30 days written notice. The Customer Switching Service Charge shall not be applied for the initial switch to Retail Open Access Service or at the time the Customer returns to bundled service or changes Retailers due to Retailer default.

General Terms and Conditions:

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00.

Surcharges:

This rate is subject to the following surcharges:

Transition Surcharge: Through December 31, 2001, the Transition Surcharge is established via the bid process as described in Rule F2., Open Bid Process and Allocation of Capacity, and will be billed to the Retailer. Thereafter, the Transition Surcharge is \$.0120 per kWh, or as subsequently ordered by the Commission. A Transition Surcharge will be collected through December 31, 2007.

Implementation Surcharge: (As established by the Commission.)

Nuclear Decommissioning Surcharge: \$.001165 per kWh

Minimum Charge:

For a Customer with an energy and maximum demand recording meter, or a Time-of-Use meter, the minimum charge shall be the Customer Charge and the Distribution Service Charge.

For a Customer with an energy-only recording meter, the minimum charge shall be the Customer Charge.

(Continued on Sheet No. F-19.00)

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U-11290 and U-11451

RETAIL OPEN ACCESS SECONDARY RATE ROA-S
(Continued From Sheet No. F-18.00)

Monthly Rate: (Contd)

Due Date and Late Payment Charge:

The due date of the Customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

Term and Form of Contract:

All service under this rate **shall** require a written Retail Open Access Service Contract between the Company and a Retailer.

All service under this rate **may** require a written Retail Open Access Service Contract between the Company and a Secondary Customer with a Maximum Demand of 20 kW or more.

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ATTACHMENT B

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FERC ELECTRIC TRANSMISSION TARIFF

of

Consumers Energy Company

**OPEN ACCESS
TRANSMISSION TARIFF**

filed with the

Federal Energy Regulatory Commission

Pursuant to Order 888a

Consumers Energy Company

212 West Michigan Avenue

Jackson, Michigan 49201-2277

TABLE OF CONTENTS**Page****I. COMMON SERVICE PROVISIONS 10****1 Definitions 10**

- 1.1 Ancillary Services 10
- 1.2 Annual Transmission Costs 10
- 1.3 Application 10
- 1.4 Commission 10
- 1.5 Completed Application 10
- 1.6 Consumers' Transmission Service Area: 10
- 1.7 Control Area 10
- 1.8 Curtailment 11
- 1.9 Delivering Party 11
- 1.10 Designated Agent 11
- 1.11 Direct Assignment Facilities 11
- 1.12 ECAR 11
- 1.13 Eligible Customer 12
- 1.14 Facilities Study 12
- 1.15 Firm Point-To-Point Transmission Service 13
- 1.16 Good Utility Practice 13
- 1.17 Interruption 13
- 1.18 Load Ratio Share 13
- 1.19 Load Shedding 13
- 1.20 Long-Term Firm Point-To-Point Transmission Service 14
- 1.21 Native Load Customers 14
- 1.22 NERC 14
- 1.23 Network Customer 14
- 1.24 Network Integration Transmission Service 14
- 1.25 Network Load 14
- 1.26 Network Operating Agreement 15
- 1.27 Network Operating Committee 15
- 1.28 Network Resource 15
- 1.29 Network Upgrades 15
- 1.30 Non-Firm Point-To-Point Transmission Service 16
- 1.31 Off-Peak Hours 16
- 1.32 On-Peak Hours 16

1.33	Open Access Same-Time Information System (OASIS)	16
1.34	Part I	16
1.35	Part II	16
1.36	Part III	17
1.37	Parties	17
1.38	Point(s) of Delivery	17
1.39	Point(s) of Receipt	17
1.40	Point-To-Point Transmission Service	17
1.41	Power Purchaser	17
1.42	Receiving Party	18
1.43	Regional Transmission Group (RTG)	18
1.44	Reserved Capacity	18
1.45	Service Agreement	18
1.46	Service Commencement Date	18
1.47	Short-Term Firm Point-To-Point Transmission Service	18
1.48	System Impact Study	19
1.49	Third-Party Sale	19
1.50	Transmission Customer	19
1.51	Transmission Provider	19
1.52	Transmission Provider's Monthly Transmission System Peak	19
1.53	Transmission Service	19
1.54	Transmission System	19
1.55	Wholesale Distribution Service	20
1.56	Wholesale Distribution System	20
2	Initial Allocation and Renewal Procedures	20
2.1	Initial Allocation of Available Transmission Capability	20
2.2	Reservation Priority for Existing Firm Service Customers	21
3	Ancillary Services	21
3.1	Scheduling, System Control and Dispatch Service	23
3.2	Reactive Supply and Voltage Control from Generation Sources Service	23
3.3	Regulation and Frequency Response Service	23
3.4	Energy Imbalance Service	23
3.5	Operating Reserve - Spinning Reserve Service	23
3.6	Operating Reserve - Supplemental Reserve Service	24
4	Open Access Same-Time Information System (OASIS)	24
5	Local Furnishing Bonds	24
5.1	Transmission Providers that Own Facilities Financed by Local Furnishing Bonds	24

	5.2 Alternative Procedures for Requesting Transmission Service	24
6 Reciprocity		25
7 Billing and Payment		26
	7.1 Billing Procedure	26
	7.2 Interest on Unpaid Balances	27
	7.3 Customer Default	27
8 Accounting for the Transmission Provider's Use of the Tariff		28
	8.1 Transmission Revenues	28
	8.2 Study Costs and Revenues	28
9 Regulatory Filings		29
10 Force Majeure and Indemnification		29
	10.1 Force Majeure	29
	10.2 Indemnification	30
11 Creditworthiness		30
12 Dispute Resolution Procedures		30
	12.1 Internal Dispute Resolution Procedures	31
	12.2 External Arbitration Procedures	31
	12.3 Arbitration Decision	32
	12.4 Costs	32
	12.5 Rights Under The Federal Power Act	33
II. <u>POINT-TO-POINT TRANSMISSION SERVICE</u>		34
Preamble		34
13 Nature of Firm Point-To-Point Transmission Service		34
	13.1 Term	34
	13.2 Reservation Priority	34
	13.3 Use of Firm Transmission Service by the Transmission Provider	35
	13.4 Service Agreements	36
	13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs	36
	13.6 Curtailment of Firm Transmission Service	37
	13.7 Classification of Firm Transmission Service	38
	13.8 Scheduling of Firm Point-To-Point Transmission Service	40
14 Nature of Non-Firm Point-To-Point Transmission Service		41
	14.1 Term	41
	14.2 Reservation Priority	41
	14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider	42
	14.4 Service Agreements	43
	14.5 Classification of Non-Firm Point-To-Point Transmission Service	43
	14.6 Scheduling of Non-Firm Point-To-Point Transmission Service	44
	14.7 Curtailment or Interruption of Service	45
15 Service Availability		46
	15.1 General Conditions	46

	15.2 Determination of Available Transmission Capability	46
	15.3 Initiating Service in the Absence of an Executed Service Agreement	47
	15.5 Deferral of Service	48
	15.6 Other Transmission Service Schedules	48
	15.7 Real Power Losses	48
16	Transmission Customer Responsibilities	49
	16.1 Conditions Required of Transmission Customers	49
	16.2 Transmission Customer Responsibility for Third-Party Arrangements	50
17	Procedures for Arranging Firm Point-To-Point Transmission Service	50
	17.1 Application	50
	17.2 Completed Application	51
	17.3 Deposit	52
	17.4 Notice of Deficient Application	53
	17.5 Response to a Completed Application	54
	17.6 Execution of Service Agreement	54
	17.7 Extensions for Commencement of Service	55
18	Procedures for Arranging Non-Firm Point-To-Point Transmission Service	56
	18.1 Application	56
	18.2 Completed Application	56
	18.3 Reservation of Non-Firm Point-To-Point Transmission Service	57
	18.4 Determination of Available Transmission Capability	58
19	Additional Study Procedures for Firm Point-To-Point Transmission Service Requests	58
	19.1 Notice of Need for System Impact Study	58
	19.2 System Impact Study Agreement and Cost Reimbursement	59
	19.3 System Impact Study Procedures	59
	19.4 Facilities Study Procedures	60
	19.5 Facilities Study Modifications	62
	19.6 Due Diligence in Completing New Facilities	62
	19.7 Partial Interim Service	63
	19.8 Expedited Procedures for New Facilities	63
20	Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service	64
	20.1 Delays in Construction of New Facilities	64
	20.2 Alternatives to the Original Facility Additions	65
	20.3 Refund Obligation for Unfinished Facility Additions	65
21	Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities	66
	21.1 Responsibility for Third-Party System Additions	66
	21.2 Coordination of Third-Party System Additions	66
22	Changes in Service Specifications	67
	22.1 Modifications on a Non-Firm Basis	67
	22.2 Modification on a Firm Basis	68
23	Sale or Assignment of Transmission Service	69

- 23.1 Procedures for Assignment or Transfer of Service 69
- 23.2 Limitations on Assignment or Transfer of Service 70
- 23.3 Information on Assignment or Transfer of Service 70
- 24 Metering and Power Factor Correction at Receipt and Delivery Point(s) 70**
 - 24.1 Transmission Customer Obligations 70
 - 24.2 Transmission Provider Access to Metering Data 71
 - 24.3 Power Factor 71

25 Compensation for Transmission Service 71

26 Stranded Cost Recovery 71

27 Compensation for New Facilities and Redispatch Costs 72

III. NETWORK INTEGRATION TRANSMISSION SERVICE 73

Preamble 73

28 Nature of Network Integration Transmission Service 73

28.1 Scope of Service 73

28.2 Transmission Provider Responsibilities 73

28.3 Network Integration Transmission Service 74

28.4 Secondary Service 74

28.5 Real Power Losses 75

28.6 Restrictions on Use of Service 75

29 Initiating Service 76

29.1 Condition Precedent for Receiving Service 76

29.2 Application Procedures 76

29.3 Technical Arrangements to be Completed Prior to Commencement of Service 80

29.4 Network Customer Facilities 80

29.5 Filing of Service Agreement 81

30 Network Resources 81

30.1 Designation of Network Resources 81

30.2 Designation of New Network Resources 81

30.3 Termination of Network Resources 81

30.4 Operation of Network Resources 82

30.5 Network Customer Redispatch Obligation 82

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider 82

30.7 Limitation on Designation of Network Resources 83

30.8 Use of Interface Capacity by the Network Customer 83

30.9 Network Customer Owned Transmission Facilities 83

31 Designation of Network Load 84

31.1 Network Load 84

31.2 New Network Loads Connected With the Transmission Provider 84

31.3 Network Load Not Physically Interconnected with the Transmission Provider 84

	31.4 New Interconnection Points	85
	31.5 Changes in Service Requests	85
	31.6 Annual Load and Resource Information Updates	86
32 Additional Study Procedures For Network Integration Transmission Service Requests		86
	32.1 Notice of Need for System Impact Study	86
	32.2 System Impact Study Agreement and Cost Reimbursement	87
	32.3 System Impact Study Procedures	88
	32.4 Facilities Study Procedures	89
33 Load Shedding and Curtailments		90
	33.1 Procedures	90
	33.2 Transmission Constraints	91
	33.3 Cost Responsibility for Relieving Transmission Constraints	91
	33.4 Curtailments of Scheduled Deliveries	92
	33.5 Allocation of Curtailments	92
	33.6 Load Shedding	92
	33.7 System Reliability	93
34 Rates and Charges		94
	34.1 Monthly Demand Charge	94
	34.2 Determination of Network Customer's Monthly Network Load	94
	34.3 Determination of Transmission Provider's Monthly Transmission System Load	94
	34.4 Redispatch Charge	94
	34.5 Stranded Cost Recovery	95
35 Operating Arrangements		95
	35.1 Operation under The Network Operating Agreement	95
	35.2 Network Operating Agreement	95
	35.3 Network Operating Committee	96
SCHEDULE 1	Scheduling, System Control and Dispatch Service	98
SCHEDULE 2	Reactive Supply and Voltage Control From Generation Sources Service	99
SCHEDULE 3	Regulation and Frequency Response Service	101
SCHEDULE 4	Energy Imbalance Service	103
SCHEDULE 5	Operating Reserve - Spinning Reserve Service	106
SCHEDULE 6	Operating Reserve - Supplemental Reserve Service	108
SCHEDULE 7	Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service	110
SCHEDULE 8	Non-Firm Point-To-Point Transmission Service	112
ATTACHMENT A	Form Of Service Agreement For Firm Point-To-Point Transmission Service	115
ATTACHMENT B	Form Of Service Agreement For Non-Firm Point-To-Point Transmission Service	121
ATTACHMENT C	Methodology To Assess Available Transmission Capability	127
ATTACHMENT D	Methodology for Completing a System Impact Study	129
ATTACHMENT E		131

Index Of Point-To-Point Transmission Service Customers	131
ATTACHMENT F	132
Form of Service Agreement For Network Integration Transmission Service	132
ATTACHMENT G	141
Network Operating Agreement	141
ATTACHMENT H	142
Annual Transmission Revenue Requirement For Network Integration Transmission Service	142
ATTACHMENT I	143
Index Of Network Integration Transmission Service Customers	143

I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Ancillary Services: Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

1.2 Annual Transmission Costs: The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.

1.3 Application: A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

1.4 Commission: The Federal Energy Regulatory Commission.

1.5 Completed Application: An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.6 Consumers' Transmission Service Area: The geographic region in which Consumers Energy Company (herein called "Consumers") operates transmission facilities and provides transmission service.

1.7 Control Area: An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.8 Curtailment: A reduction in firm or non-firm transmission service in response to a transmission capacity shortage as a result of system reliability conditions.

1.9 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.10 Designated Agent: Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.11 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.12 ECAR: An acronym that stands for the East Central Reliability coordination

agreement. This is the agreement under which Consumers and other ECAR members establish regional coordination practices and guides to govern the electric coordinated operation and reliability in the East Central Region of North America.

1.13 Eligible Customer: (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of service by the Transmission Provider. (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

1.14 Facilities Study: An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

1.15 Firm Point-To-Point Transmission Service: Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff.

1.16 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

1.17 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.18 Load Ratio Share: Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff as set forth in Section 34.1 of Part III of the Tariff.

1.19 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.20 Long-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.21 Native Load Customers: The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.

1.22 NERC: An acronym which stands for the North American Electric Reliability Council. This reliability council oversees the development and publication of operating policies, engineering planning principles and guides and support information to provide guidance to the regional reliability councils and to promote electric system reliability.

1.23 Network Customer: An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

1.24 Network Integration Transmission Service: The transmission service provided under Part III of the Tariff.

1.25 Network Load: The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

1.26 Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

1.27 Network Operating Committee: A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.28 Network Resource: Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.29 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

1.30 Non-Firm Point-To-Point Transmission Service: Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.31 Off-Peak Hours: All hours other than "On-Peak Hours" defined below.

1.32 On-Peak Hours: The hours defined as "On-Peak Hours" are the sixteen (16) hours from 0700 to 2300 prevailing Eastern Time, Monday through Friday, excluding all hours during the holiday observance of New Year's Day, the holiday observance of Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the holiday observance of Christmas Day.

1.33 Open Access Same-Time Information System (OASIS): The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.34 Part I: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.35 Part II: Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.36 Part III: Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.37 Parties: The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.38 Point(s) of Delivery: Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.39 Point(s) of Receipt: Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.40 Point-To-Point Transmission Service: The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.41 Power Purchaser: The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.42 Receiving Party: The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.

1.43 Regional Transmission Group (RTG): A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.44 Reserved Capacity: The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.45 Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.46 Service Commencement Date: The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.47 Short-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.48 System Impact Study: An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service, and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.49 Third-Party Sale: Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.

1.50 Transmission Customer: Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.51 Transmission Provider: Consumers (or its Designated Agent or successor company).

1.52 Transmission Provider's Monthly Transmission System Peak: The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

1.53 Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.54 Transmission System: The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and

Part III of the Tariff.

1.55 Wholesale Distribution Service: Service provided to wholesale transmission customers using the Transmission Provider's Wholesale Distribution System.

1.56 Wholesale Distribution System: The 138 kV radial (if any), 46 kV and 23 kV facilities owned, controlled or operated by the Transmission Provider that are used to deliver capacity and energy to or from wholesale transmission customers.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transmission Capability: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority for Existing Firm Service Customers: Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one year or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one year or longer.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The Transmission Provider is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation Sources.

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Transmission Service Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5 and 6) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the

Transmission Provider's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service: The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation Sources Service: The rates and/or methodology are described in Schedule 2.

3.3 Regulation and Frequency Response Service: Where applicable the rates and/or methodology are described in Schedule 3.

3.4 Energy Imbalance Service: Where applicable the rates and/or methodology are described in Schedule 4.

3.5 Operating Reserve - Spinning Reserve Service: Where applicable the rates and/or methodology are described in Schedule 5.

3.6 Operating Reserve - Supplemental Reserve Service: Where applicable the rates and/or methodology are described in Schedule 6.

4 Open Access Same-Time Information System (OASIS)

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 C.F.R. § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities). In the event available transmission capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

5 Local Furnishing Bonds

5.1 Transmission Providers that Own Facilities Financed by Local Furnishing Bonds: This provision is applicable only to Transmission Providers that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide transmission service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Provider's facilities that would be used in providing such transmission service.

5.2 Alternative Procedures for Requesting Transmission Service:

(i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. A Transmission Customer that is a member of a power pool or Regional Transmission Group also agrees to provide comparable

transmission service to the members of such power pool and Regional Transmission Group on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

7.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

7.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

8 Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below.

8.1 Transmission Revenues: Include a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

8.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expenses that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9 Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

11 Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, the Transmission Provider may require the Transmission Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by the Transmission Customer and acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of non-payment.

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and the Transmission Provider involving transmission service under the Tariff (excluding applications for rate changes or other changes to the Tariff, or to any Service Agreement entered into under the Tariff, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

12.2 External Arbitration Procedures: Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and

judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

12.4 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

(A) the cost of the arbitrator chosen by the Party to sit on the three-member panel and one-half of the cost of the third arbitrator chosen; or

(B) one-half the cost of the single arbitrator jointly chosen by the Parties.

12.5 Rights Under The Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority: Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction. If the Transmission System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service up to the following deadlines; one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transmission capability is insufficient to satisfy all Applications, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term reservation before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff. Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-to-Point Transmission Service Agreement (Attachment A) to an

Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-to-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch

Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1, or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant, in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Transmission Service. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm

Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Transmission Service. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery.

13.8 Scheduling of Firm Point-To-Point Transmission Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. prevailing Eastern Time for the Transmission Provider of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1000 kW per hour for transactions which extend beyond the Transmission Provider's Transmission Service Area, and in increments of 1 kW per hour for transactions within the Transmission Provider's Service Area. Transmission Customers within the Transmission Provider's Service Area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW or 1 kW per hour (as the case may be under the previous sentence), may consolidate their service requests at a common point of receipt into units of 1,000 kW or 1 kW per hour (as the case may be under the previous sentence) for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to reservations with a longer duration of service. In the event the Transmission System is constrained, competing requests of equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider, and (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority.

under the Tariff.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996, or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour for transactions which extend beyond the Transmission Provider's Service Area, and in increments of 1 kW per hour for transactions within the Transmission Provider's Service Area. Transmission Customers within the Transmission Provider's Service Area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW or 1 kW per hour (as the case may be under the previous sentence), may consolidate their schedules at a common Point of Receipt into units of 1,000 kW or 1 kW per hour (as the case may be under the previous sentence). Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm

Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

15.1 General Conditions: The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

15.2 Determination of Available Transmission Capability: A description of the Transmission Provider's specific methodology for assessing available transmission capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transmission capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.

15.3 Initiating Service in the Absence of an Executed Service Agreement: If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff, including posting appropriate security deposits in accordance with the terms of Section 17.3.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System: If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.

15.5 Deferral of Service: The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.6 Other Transmission Service Schedules: Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 Real Power Losses: Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows:

- a. For service at or above 120 kV: 1.81% when metered on the high voltage side of the applicable transformer, and 2.56% when metered on

the low voltage side of the applicable transformer.

b. For service below 120 kV: 3.58% when metered on the high voltage side of the applicable transformer, and 4.20% when metered on the low voltage side of the applicable transformer.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

a. The Transmission Customer has pending a Completed Application for service;

b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;

c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;

d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation; and

e. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain a written Application to: Consumers Energy Company, Attention Transmission Tariff Administrator, 1045 West Parnall Road, Jackson, MI 49201, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time-recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

(i) The identity, address, telephone number and facsimile number of the entity requesting service;

(ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;

(iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;